

**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Financial Statements**  
**For the year ended March 31, 2023**  
**(Unaudited)**

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## Independent Auditor's Report

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### To the Directors of Community Living-South Muskoka

#### Opinion

We have audited the financial statements of Community Living-South Muskoka (the Corporation), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with the operating agreements with the Ministry of Children, Community and Social Services, the District of Muskoka and The Sir Sandford Fleming College of Applied Arts and Technology.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the operating agreements with the Ministry of Children, Community and Social Services, the District of Muskoka and The Sir Sandford Fleming College of Applied Arts and Technology and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario  
August 31, 2023

**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Statement of Financial Position**

<b>March 31</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,813,234	\$ 1,498,297
Accounts receivable	326,281	343,180
Due from funding agencies	3,128	11,486
Prepaid expenses	22,777	124,744
Current portion of capital funding receivable (Note 3)	3,987	6,835
	<u>2,169,407</u>	<u>1,984,542</u>
Capital funding receivable (Note 3)	-	3,987
Tangible capital assets (Note 4)	3,786,652	3,885,171
	<u>\$ 5,956,059</u>	<u>\$ 5,873,700</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 1,450,130	\$ 1,039,144
Due to funding agencies (Note 2)	499,778	686,827
Deferred operating contributions (Note 7)	99,507	224,130
Current portion of long-term debt (Note 8)	9,556	6,840
	<u>2,058,971</u>	<u>1,956,941</u>
Long-term debt (Note 8)	338,101	3,982
Deferred contributions - tangible capital assets (Note 9)	3,445,541	3,562,491
	<u>5,842,613</u>	<u>5,523,414</u>
<b>Net Assets</b>		
Unrestricted net assets	113,446	350,286
	<u>\$ 5,956,059</u>	<u>\$ 5,873,700</u>

On behalf of the Board:

 Director

The accompanying notes are an integral part of these financial statements

**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Statement of Operations and Changes in Net Assets**

<b>For the year ended March 31</b>	(Note 11) Budget 2023	Actual 2023	Actual 2022
<b>Revenues</b>			
Provincial operating grants received	\$ 10,790,968	\$ 11,002,183	\$ 11,125,052
Specialized individual funding	-	19,394	425,664
Less deferred provincial operating grants	-	(108,163)	(967,113)
Amortization of deferred contributions (Note 9)	-	199,234	184,153
Amortization of deferred Trillium grant (Note 9)	-	8,453	9,700
Provincial operating grants recognized	10,790,968	11,121,101	10,777,456
District of Muskoka operating grants	467,000	443,372	484,776
Direct funding program revenue	594,000	682,559	553,293
Other revenue	-	136,565	141,755
Rent revenue	566,508	559,593	545,483
	12,418,476	12,943,190	12,502,763
<b>Expenses</b>			
Salaries and benefits	8,324,140	8,189,946	7,721,592
Other program costs			
Amortization of tangible capital assets	-	199,234	184,153
Direct funding program expenses	577,800	632,762	548,435
Other expenses	-	80,445	111,116
Travel	169,070	190,974	118,258
Communication	65,460	47,562	34,809
Rent/lease/mortgage	226,600	235,878	228,146
Utilities	96,300	105,070	93,800
Staff training	44,814	46,557	23,410
Advertising and promotion	6,000	6,823	12,521
Services related to repairs and maintenance	162,684	654,045	282,095
Professional/contracted-out services	709,412	789,118	644,994
Purchased client services	506,708	409,649	459,388
Insurance	73,500	72,028	63,741
Other services	118,000	92,596	96,377
Supplies, equipment related to repairs and maintenance	1,200	41,877	52,274
IT - supplies and equipment	6,000	11,282	4,415
Other supplies and equipment	201,444	284,731	137,037
Respite allocation	925,344	845,403	868,623
Office administration	39,000	44,731	44,055
Covid - 19	160,800	163,116	276,417
Total other program costs	4,090,136	4,953,881	4,284,064
Total expenses	12,414,276	13,143,827	12,005,656
<b>Surplus (deficit)</b>	4,200	(200,637)	497,107
<b>Less repayable to funding agencies</b>	-	(36,203)	(462,324)
<b>Excess (deficiency) of revenues over expenses</b>	-	(236,840)	34,783
<b>Unrestricted net assets, beginning of year</b>	-	350,286	315,503
<b>Unrestricted net assets, end of year</b>	\$ -	\$ 113,446	\$ 350,286

The accompanying notes are an integral part of these financial statements

**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Statement of Cash Flows**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses for the year	\$ (236,840)	\$ 34,783
Adjustments for		
Amortization of tangible capital assets	206,681	193,395
Amortization of deferred contributions	(207,687)	(193,853)
Loss (gain) on disposal of tangible capital assets	-	7,388
	<u>(237,846)</u>	<u>41,713</u>
Changes in non-cash working capital balances		
Accounts receivable	16,898	7,067
Due to funding agencies	(187,049)	431,311
Prepaid expenses	99,967	(83,409)
Due from funding agencies	8,358	-
Accounts payable and accrued liabilities	410,987	(197,653)
Deferred operating contributions	<u>(124,624)</u>	<u>85,390</u>
	<u>(13,309)</u>	<u>284,419</u>
<b>Investing activities</b>		
Proceeds on disposal of assets held for sale	-	230,442
Purchase of tangible capital assets	(108,162)	(971,576)
Capital funding receivable	<u>6,835</u>	<u>6,835</u>
	<u>(101,327)</u>	<u>(734,299)</u>
<b>Financing activities</b>		
Additional long-term debt	343,669	-
Contributions received for purchase of tangible capital assets	92,739	965,280
Repayment of long-term debt	<u>(6,835)</u>	<u>(88,166)</u>
	<u>429,573</u>	<u>877,114</u>
<b>Increase in cash during the year</b>	<b>314,937</b>	<b>427,234</b>
<b>Cash, beginning of year</b>	<u><b>1,498,297</b></u>	<u><b>1,071,063</b></u>
<b>Cash, end of year</b>	<u><b>\$ 1,813,234</b></u>	<u><b>\$ 1,498,297</b></u>

The accompanying notes are an integral part of these financial statements

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**Community Living-South Muskoka  
(A Corporation Without Share Capital)  
Notes to Financial Statements  
(Unaudited)**

**March 31, 2023**

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**1. Nature of Operations and Summary of Significant Accounting Policies**

**i) Nature of Operations**

Community Living - South Muskoka is a non-profit organization incorporated without share capital under the laws of Ontario. The corporation promotes quality of life for persons with disabilities and receives the majority of its revenues as grants from the Ministry of Children, Community and Social Services, the District of Muskoka (District) and The Sir Sanford Fleming College of Applied Arts and Technology ("funding agencies").

The corporation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

**ii) Basis of Accounting**

These financial statements have been prepared in accordance with the significant accounting policies set out below to be in accordance with the operating agreements with the funding agencies. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- (a) vacation pay, and pay for time held in lieu is expensed when paid.
- (b) other program expenses are recorded on the modified accrual basis of accounting. This method provides for short-term accruals (within 30 days of year end) of expenses.
- (c) expenses paid once a year are largely expensed in the period paid without provision for prepaid portion.

Except as noted above, the corporation's accounting policies are in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), which is one of the financial reporting frameworks in Canadian generally accepted accounting principles.

**iii) Revenue Recognition**

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rentals from income properties are recognized as revenue over the terms of the related lease agreements as they become due.

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**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2023**

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**iv) Tangible Capital Assets**

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Amortization based on the estimated useful life of the asset is as follows:

Buildings	- 5%	diminishing balance basis
Leasehold improvement		straight line basis over the term of the related lease
Automotive	- 30%	diminishing balance basis
Computer equipment	- 30%	diminishing balance basis
Computer software	- 20% & 25%	straight line basis
Equipment, furniture and fixtures	- 5% & 20%	diminishing balance basis
Landscaping	- 10%	straight line basis

**v) Financial Instruments**

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist.

**vi) Contributed Materials and Services**

Contributed materials which are used in the normal course of the corporation's operations, and would otherwise have been purchased, are recorded at their fair value at the date of contribution, if fair value can be reasonably estimated.

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2023**

**2. Due to/from Funding Agencies**

	2023	2022
<b>Due from funding agencies</b>		
Covid relief - CRRF	\$ 2,903	\$ 11,486
SSM Fleming	225	-
	<u>\$ 3,128</u>	<u>\$ 11,486</u>
<b>Due to funding agencies</b>		
One time capital funding	\$ 27,738	\$ -
Intervenor services	117,528	117,528
Adult Accommodation	151,292	151,292
Temporary Wage Enhancement	167,017	418,007
Resource Teacher	27,906	-
Children's DS Community Support Services	8,297	-
	<u>\$ 499,778</u>	<u>\$ 686,827</u>

**3. Capital Funding Receivable**

The balance represents funding related to the purchase of various capital assets. These amounts are received annually as related loan payments are made.

**4. Tangible Capital Assets**

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 758,684	\$ -	\$ 758,684	\$ -
Buildings	5,026,718	2,295,970	4,965,888	2,168,363
Leasehold improvements	188,963	126,665	188,963	118,308
Automotive	320,488	202,614	273,155	168,589
Computer equipment	321,048	279,441	321,048	261,609
Computer software	114,533	114,533	114,533	114,533
Equipment, furniture and fixtures	1,101,887	1,026,446	1,101,887	1,007,585
Landscaping	159,668	159,668	159,668	159,668
	<u>\$ 7,991,989</u>	<u>\$ 4,205,337</u>	<u>\$ 7,883,826</u>	<u>\$ 3,998,655</u>
Net book value		<u>\$ 3,786,652</u>		<u>\$ 3,885,171</u>

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**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2023**

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**5. Line of Credit**

The corporation has access to an operating line of credit through RBC Royal Bank. Unused facilities under this line of credit were \$400,000 at March 31, 2023 (2022 - \$400,000). Used facilities are subject to interest at the prime rate.

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**6. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities is \$102,213 (2022 - \$94,257) in government remittances payable.

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**7. Deferred Operating Contributions**

Deferred operating contributions represent restricted operating funding that is related to a subsequent period. Deferred operating contributions at March 31, 2023 is comprised of the following program balances:

	<u>2023</u>	<u>2022</u>
District of Muskoka operating grants	\$ 99,507	\$ 76,692
Ministry of Children, Community and Social		
Services - minor capital funding	-	7,935
845 Muskoka Beach Road renovation	-	120,000
Other	-	19,503
	<u>\$ 99,507</u>	<u>\$ 224,130</u>

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**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2023**

**8. Long-term Debt**

	<u>2023</u>	<u>2022</u>
Nissan Canada Finance term loan, repayable \$570 monthly, 0% interest, maturing November 2023	\$ 3,987	\$ 10,822
Kia Finance term loan, repayable \$513 monthly including interest at 6.49%, maturing March 2025	11,510	-
Forgivable loan repayable to The District Municipality of Muskoka, interest at 8%, maturing December 2042	332,160	-
	<u>347,657</u>	10,822
Less current portion	<u>9,556</u>	6,840
	<u>\$ 338,101</u>	<u>\$ 3,982</u>

Principal payments required on long-term debt for the next two years and thereafter is as follows:

Year	Amount
2024	\$ 9,556
2025	5,941
Thereafter	332,160
	<u>\$ 347,657</u>

Total interest paid on long-term debt in the year was \$13 (2022 - \$7,637).

The corporation is subject to interest rate risk. Fixed interest rates subject the company to the risk that the fair value will fluctuate due to changes in market interest rates.

In December 2022 the Corporation signed the Ontario Priorities Housing Initiative Year 4 Rental Housing Component - Contribution Agreement with The District Municipality of Muskoka. As part of this agreement, The District Municipality of Muskoka has agreed to loan the sum of \$332,160 to the Corporation for a term of 20 years commencing as of day of final Advance which has not occurred as of March 31, 2023. Interest shall accrue at 8% interest rate per annum from the date of the first Advance on the total amount advanced under the Loan. Interest as aforesaid shall be accrued from day to day and shall be calculated and payable yearly, in arrears on the annual anniversary of the date of the first Advance until the Final Advance has been made and thereafter shall be payable annually on the anniversary date of the final Advance. However at this time, if the Corporation has satisfied the requirements of the agreement, the amount of the interest owing shall be automatically forgiven. Additionally, this loan shall be fully forgiven at the end of the term, provided that the Corporation has fulfilled all of the requirements of the agreement and no Event of Default or other event giving rise to the acceleration of the Principal Amount has occurred.

**Community Living-South Muskoka**  
**(A Corporation Without Share Capital)**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2023**

**9. Deferred Contributions - Tangible Capital Assets**

Deferred contributions represent the unamortized portion of capital assets purchased using funds received from the Provincial grants and the unamortized portion of contributed capital assets.

The changes for the year in the deferred contributions balance are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,562,491	\$ 2,796,066
Contributions deferred for purchase of capital assets	97,572	967,113
Current year payment of long term debt	(6,835)	(6,835)
Amortization of deferred contributions - capital assets	(199,234)	(184,153)
Amortization of deferred contributions - capital assets Trillium	(8,453)	(9,700)
Balance, end of year	<u>\$ 3,445,541</u>	<u>\$ 3,562,491</u>

**10. Commitments**

**Lease Obligations:**

Minimum payments under operating leases for premises and equipment amount to \$560,172 in aggregate with annual payments in each of the next five years and thereafter as follows:

2024	\$ 149,591
2025	146,216
2026	146,216
2027	79,420
2028	35,750
Thereafter	<u>2,979</u>
	<u>\$ 560,172</u>

**11. Budget Figures**

The budgeted figures were approved by the Board of Directors and are presented in the financial statements for comparative purposes only. The budgeted figures have not been audited.

**12. Economic Dependence**

The corporation's revenue is primarily derived from the Ministry of Children, Community and Social Services. The continuation of the corporation is dependent on this funding.